

Washington “ Congressman John W. Olver announced today that \$16.4 billion in financial give

œThis is not enough to help our ailing health care providers in Massachusetts, but it is a step in

The bill also provides increased payments for rehabilitative therapy services, longer coverage of

## **1. HOSPITALS: \$7.2 billion**

The 1997 Balanced Budget Act created a new prospective payment system (PPS) for hospital

Â Smoothing the transition to the PPS. During the first three and a half years of the PPS, the b

Â The bill clarifies Congress’s intent that the new system is not supposed to impose an additional  
Teaching Hospitals:

Â Freeze in the Indirect Medical Education reimbursements at 6.5% for FY00, a reduction in FY

Â Direct Medical Education payments will be shifted to a national average system, but a wage

Disproportionate Share Hospitals (DSH):

Â The bill increases DSH payments. The 1997 BBA reduced DSH payments by 3 percent in 2

Rural Hospitals:

• Modifies and improves a series of Medicare policies that support rural health providers. The

## 2. SKILLED NURSING FACILITIES AND THERAPY SERVICES: \$2.7 billion

(In italics are the changes that Congressman Olver advocated for by lobbying his colleagues)

• Provides immediate increases in payment for high-cost cases. The 1997 BBA created a new

• Increases payment rates across the board by 4 percent for 2001 and 2002. It also gives nursing

• Imposes a 2 year moratorium on payment caps. The BBA limited yearly payments for physicians

• Administrative Actions: In addition to the bill, the Administration will increase payment for high

## 3. HOME HEALTH: \$1.3 billion

The 1997 BBA created a new PPS system for Home Health Care which has not yet been implemented

• Delays implementation of the 15 percent reduction until after the first year of implementation

• Pays \$10 per beneficiary in 2000 to home health agencies to help them cover the cost

• Eases and clarifies the surety bond provision.

• Excludes durable medical equipment from home health consolidated billing.

#### **4. MANAGED CARE: \$4 billion**

The bill requires that Medicare payments to managed care companies be risk adjusted to prevent physician payment cuts.  
The new law will increase payments to other providers by stabilizing

• Increased payments for pap smears, setting the minimum payment rate at \$14.60 beginning in 2000.

• Increased payments for renal dialysis by 1.2 percent in 2000 and another 1.2 percent in 2001.

• Increased updates for hospice, durable medical equipment and oxygen.

#### **5. MEDICAID AND THE CHILDREN'S HEALTH INSURANCE PROGRAM: \$.8 billion**

The 1997 BBA phased-out cost-based reimbursement for community-health centers. In other states, the program was replaced by a managed care program.

State Children's Health Insurance Program: (SCHIP)

• Extends the availability of the \$500 million fund for children's health outreach established in 1997.

• Eliminates the sunset and extends the availability of this fund until it is expended.

• Improves data collection and evaluation of SCHIP.

One of the centerpieces of the 1997 BBA was the creation of this new CHIP program to provide health insurance to children in low-income families.

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